

Message Text

UNCLASSIFIED

PAGE 01 NASSAU 01298 191959Z

17

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 AID-20 OMB-01

CIAE-00 INR-11 NSAE-00 RSC-01 EUR-25 DRC-01 /091 W

----- 052968

R 191934Z JUL 74

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 5807

UNCLAS NASSAU 1298

E. O. 11652: N/A

TAGS: ECON BF

SUBJ: HOTELS IN TROUBLE

REF: NASSAU 1237

1. SONESTA BEACH HOTEL INFORMED EMPLOYEES JULY 18 THAT HOTEL WILL CLOSE DOWN AUGUST 3 UNLESS SALE IS CONSUMMATED BEFORE THEN. NOTICE TO EMPLOYEES REQUIRED UNDER UNION CONTRACT. SALE TO CANADIAN BUYERS HAS REPORTEDLY FALLEN THROUGH. PRESENT OWNERS ARE NOW TALKING ABOUT "MYSTERY BUYER", WHOSE IDENTITY IS REPORTED VARIOUSLY AS HILTON, INTERCONTINENTAL AND HOWARD HUGHES, BUT TALK HAS DEFINITE AIR OF WHISTLING IN THE DARK. CLOSURE WOULD PUT 430 EMPLOYEES OUT OF WORK.

2. HOTEL OWNER'S ASSOCIATION PRESIDENT ANDERS WIBERG WARNED EARLIER IN WEEK THAT BAHAMAS WILL FACE "MASSIVE CLOSURES" OF HOTELS UNLESS SITUATION IMPROVES IMMEDIATELY. WIBERG SAID NASSAU HOTELS HAD ONLY 50 PERCENT OCCUPANCY LAST YEAR (HE CLAIMED THAT 65-75 PERCENT OCCUPANCY RATES ARE NECESSARY TO BREAK EVEN), ALLEGING THAT RATES ELSEWHERE IN BAHAMAS WERE EVEN WORSE. WIBERG PREDICTED POSSIBLE RETURN TO PATTERN OF 1940'S AND 50'S, WHEN HOTELS OPEN ONLY DURING WINTER MONTHS. HE SAID ENTIRE INDUSTRY WAS LOSING MONEY AT PRESENT. WIBERG BLAMED, INTER ALIA, INCLUSIVE TOUR CHARTERS (ITC'S), HIGH SALE COSTS (25 PERCENT) AND LACK OF TOURIST REPEATERS FOR "SERIOUS" HOTEL SITUATION. HE ATTACKED TWO US LEGISLATIVE PROPOSALS ON TAX DEDUCTIONS FOR OVERSEAS CONVENTIONS AND ON

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NASSAU 01298 191959Z

ITC'S, SAYING THAT DECLINE IN CONVENTIONS AND INCREASE IN

ITC'S FROM US (ITC'S AT PRESENT COME ONLY FROM CANADA) COULD
PULL HOTEL INDUSTRY UNDER.
SPIERS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, TOURISM, HOTELS, BUSINESS LOSSES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NASSAU01298
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740195-0990
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740734/aaaabdcn.tel
Line Count: 64
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: NASSAU 1237
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 OCT 2002 by ThomasVJ>; APPROVED <29-Oct-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HOTELS IN TROUBLE
TAGS: ECON, BF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005